## REMARKS

This Amendment is responsive to the official action dated June 20, 2006.

Claims 1-61 were pending in the application. In the official action, claims 35-46, 53-56, 59 and 61 were withdrawn from consideration, and claims 1-34, 47-52, 57, 58 and 60 were rejected. In this Amendment, claims 1, 3-7, 9-13, 16, 17, 19-21, 23, 24, 27, 28, 30-32, 34 47, 50, 57, 58 and 60 have been amended. Claims 1-34, 47-52, 57, 58 and 60 thus remain for consideration.

Applicant submits that claims 1-34, 47-52, 57, 58 and 60 are in condition for allowance and requests withdrawal of the rejections in light of the following remarks.

## §102 and §103 Rejections

Claims 1 7, 13, 24, 47, 50, 57, 58 and 60 were rejected under 35 U.S.C. \$102(b) as being anticipated by Girod et al. (U.S. Patent No. 5,809,139).

Claims 1-5, 7-11, 13-34, 47-52, 57, 58, and 60 were rejected under 35 U.S.C. \$103(a) as being unpatentable over Shur (U.S. Patent No. 6,330,672) in view of Girod.

Claims 6 and 12 were rejected under 35 U.S.C. §103(a) as being unpatentable over Shur in view of Girod as applied to claims 1 and 7, and further in view of Kubota et al. (U.S. Patent No. 5,721,778).

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Applicant submits that independent claims 1, 7, 13, 24, 47, 50, 57, 58 and 60 are patentable over Girod, Shur and Kubota.

Each of claims 1, 7, 13, 24, 47, 50, 57, 58 and 60 recites that "[a] digital watermark is modulated according to an embedding modulation signal that is determined on the basis of one or more characteristics of the content" and that "the embedded into [] modulated digital watermark is insertion information such that the according to watermark can be removed from the content by using the insertion information and the modulated digital watermark." (emphasis supplied) Supporting disclosure for the recitation determining the embedding modulation signal on the basis of one or more characteristics of the content can be found in the specification at, for example, paragraph [0083].

Neither Girod, Shur nor Kubota discloses embedding a modulated digital watermark into content, wherein the watermark is modulated according to a modulation signal that is determined on the basis of one or more characteristics of the content. Accordingly, Applicant believes that claims 1, 7, 13, 24, 47, 50, 57, 58 and 60 are patentable over Girod, Shur and Kubota - taken either alone or in combination - on at least this basis.

Further, since dependent claims inherit the limitations of their respective base claims, Applicant believes

that dependent claims 2-6, 8-12, 14-23, 25-34, 48, 49, 51, and 52 are patentable over Girod, Shur and Kubota for at least the same reasons as discussed in connection with claims 1, 7, 13, 24, 47, 50, 57, 58 and 60.

Applicant respectfully submits that all of the claims now pending in the application are in condition for allowance, which action is earnestly solicited.

If any issues remain, or if the Examiner has any further suggestions, he/she is invited to telephone the undersigned at (908) 654-5000.

The Examiner is hereby authorized to charge any insufficient fees or credit any overpayment associated with the above-identified application to Deposit Account No. 12-1095.

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The Examiner's consideration of this matter is gratefully acknowledged.

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Respectfully submitted,

Bruno Polito

Registration No.: 38,580 LERNER, DAVID, LITTENBERG, KRUMHOLZ & MENTLIK, LLP

600 South Avenue West

Westfield, New Jersey 07090

(908) 654-5000

Attorney for Applicant

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